

## At Market Master

by Shelley Wetmore

November 16, 2007.....

I guess the biggest price change this week has been with yellow edible peas. If you have some #2's left in the bin, look towards \$8.00/bu. Good quality greens are about \$1.00/bu more. Plus, \$7.00/bu delivered is the fall price—thus far.

Canola continues to rally slowly upwards but—beware. As you may have already noticed that when canola futures increase, and farmers begin to deliver or book forward contracts, the basis levels tend to widen out (get larger). This is already happening. Plus, the month of October 2008 is already fully booked with some of the crushers. If you're looking at selling canola off the combine next year to pay bills, you had better start booking a little now. The good news is that you'll be well over \$9.00/bu at the bin for this timeframe. In fact, canola for December 2008 and January 2009 is again in the \$10.00 range. Yahoo!

## Watching Winnipeg

Your weekly closing WCE futures \$/MT.

| Canola | This Week | Last Week | Diff +/- |
|--------|-----------|-----------|----------|
| Jan 08 | \$451.20  | \$444.30  | \$6.90   |
| Mar 08 | \$461.20  | \$454.20  | \$7.00   |
| May 08 | \$470.20  | \$462.60  | \$7.60   |
| Jul 08 | \$478.40  | \$471.00  | \$7.40   |
| Nov 08 | \$463.10  | \$456.50  | \$6.60   |
| Jan 09 | \$471.00  | \$461.60  | \$9.40   |
| Mar 09 | \$473.00  | \$465.10  | \$7.90   |
| May 09 | \$476.10  | \$468.30  | \$7.80   |
| Jul 09 | \$479.40  | \$470.50  | \$8.90   |
| Nov 09 | \$449.90  | \$444.80  | \$5.10   |
| Wheat  | This Week | Last Week | Diff +/- |
| Dec 07 | \$178.00  | \$177.00  | \$1.00   |
| Mar 08 | \$182.00  | \$182.00  | \$0.00   |
| May 08 | \$188.00  | \$188.00  | \$0.00   |
| Jul 08 | \$191.00  | \$191.00  | \$0.00   |
| Oct 08 | \$161.00  | \$161.00  | \$0.00   |
| Dec 08 | \$164.00  | \$164.00  | \$0.00   |
| Barley | This Week | Last Week | Diff +/- |
| Dec 07 | \$182.10  | \$180.50  | \$1.60   |
| Mar 08 | \$194.10  | \$193.20  | \$0.90   |
| May 08 | \$201.90  | \$199.70  | \$2.20   |
| Jul 08 | \$205.70  | \$204.00  | \$1.70   |
| Oct 08 | \$195.00  | \$192.50  | \$2.50   |
| Dec 08 | \$195.00  | \$195.50  | (\$0.50) |

## Be Grainwise!

A Farmer's Perspective ... by John Stewart, Galahad, Alberta, (780) 583-2453

### US Grain

#### Soy Complex

A strong weekly soybean export figure of 1.296 mmt nearly doubled pre-report expectations and gave markets an additional lift on Friday. JAN futures were sent soaring to new contract highs of \$10.87/bu before a round of profit-taking prior to the US Thanksgiving holiday pushed futures to slight losses on the day.

On the week, JAN beans settled 22½ cents higher at \$10.78½/bu, probing heights not seen for 19 years.

Although DEC soyoil was the story last week, it faltered this week, dipping .26 cents to 44.82 cents/lb. Meal, however, stepped in to fill the breach rallying \$10.50 to \$292.30/t.

Steady Chinese interest offset hedge pressure from South America. The weak US dollar was supportive in all grains.

#### Corn

DEC corn slipped 7¼ cents lower, despite another week of stellar grain sales at 1.363 mmt. This was at the top end of pre-report estimates. The corn market has slipped back into a follower's role looking for outside markets for direction. Corn is slipping into a sideways trading pattern, unable to penetrate resistance in the \$3.90/bu area. As we move into the new year, traders will become more cognizant of the price spread between beans and corn with an eye towards keeping the new crop acres of both crops in some sort of balance.

#### Wheat

After last week's dismal export figure, wheat traders expected another round of sub par figures but this week's 416,000 mt was a pleasant surprise. Even more supportive was this week's shipments figure which came in at a strong 589,700 mt. Traders remain concerned about cancellations of previous sales as buyers look for cheaper product.

Nevertheless, old crop futures continued their slide with the CBOT DEC dropping 12 cents to \$7.50/bu while KCBT prices dipped 10¼ cents to \$7.74½/bu. MGE futures managed climb

4½ cents to \$8.22½/bu. The spread between old crop and new crop futures continues to narrow. A slide in this week's winter wheat crop condition report firmed new crop futures.

### Canadian Grain

#### Oilseeds

Volatile trading in our dollar prompted similar activity in canola. A strong dip in the dollar lead to sharp gains in canola near the close of trading on Thursday. Strong crusher buying, as crush margins improved, bolstered futures as did rumours of export business from both Pakistan and China. Late reports indicate the Pakistani business may have gone to Australia although that has yet to be confirmed.

Technically, canola remains in a sideways trading pattern (see Strategies). JAN canola climbed \$6.90 to \$451.20/MT. New crop futures remain strong and are prompting new crop prices in the \$10.00/bu area.

#### Feedgrains

DEC barley climbed \$1.60/MT to \$182.10. The threat of corn deliveries into Southern Alberta is keeping a lid on cash bids, particularly in the near term. It seems unlikely we'll see any significant rally in the domestic feed barley market without assistance from corn.

DEC wheat futures trudged a buck higher to \$178.00/MT in what remains a very thinly traded market.

Edible pea bids remain very strong. New crop price of \$7.00/bu delivered for September 2008 are emerging.

As suggested last week, flax bids are starting to slip slightly in anticipation of freeze up at Thunder Bay.



"Your grain watchdog."

8543 - 75 Avenue  
Edmonton, AB T6C 0G9  
www.grainwatchdog.com  
(800) 440-8390

This publication may not be reproduced without permission by **Market Master Ltd.**

# Strategies

*A Farmer's Perspective ... by John Stewart, Galahad, Alberta (780) 583-2453*

## Soybeans and Canola

While soybeans have enjoyed a steady rally over the past month, canola producers have watched futures chop back and forth in a sideways trend. The strong Canadian dollar versus the relatively weak US greenback has been largely responsible for the divergent market action. However, Thursday's dramatic drop of roughly two cents in the Loonie pushed canola futures sharply higher into the close of trading.

It's thought that Chinese export interest could occur if the dollar were to reach parity with the US currency. Also frustrating for canola producers, was that China recently lowered import tariffs on soybeans to 1% while the canola tariff remains at 9%.

Nevertheless, canola prices are still historically very attractive for both old

and new crop sales and we're entering a critical phase as far as technical considerations are concerned.

## Technical Analysis

Let's take a look at the Jan '08 chart.

Note how futures have traded in a sideways pattern between the "A" and "B" lines. At the moment, solid support would come into play at "B" and significant resistance at "A".

However, recent action has futures pushing up against that long term resistance point. Any move through that barrier could induce additional speculative buying, particularly if we were to get consecutive closes above that level. The recent trend has been up as signified by line "C". That line also represents mild support.

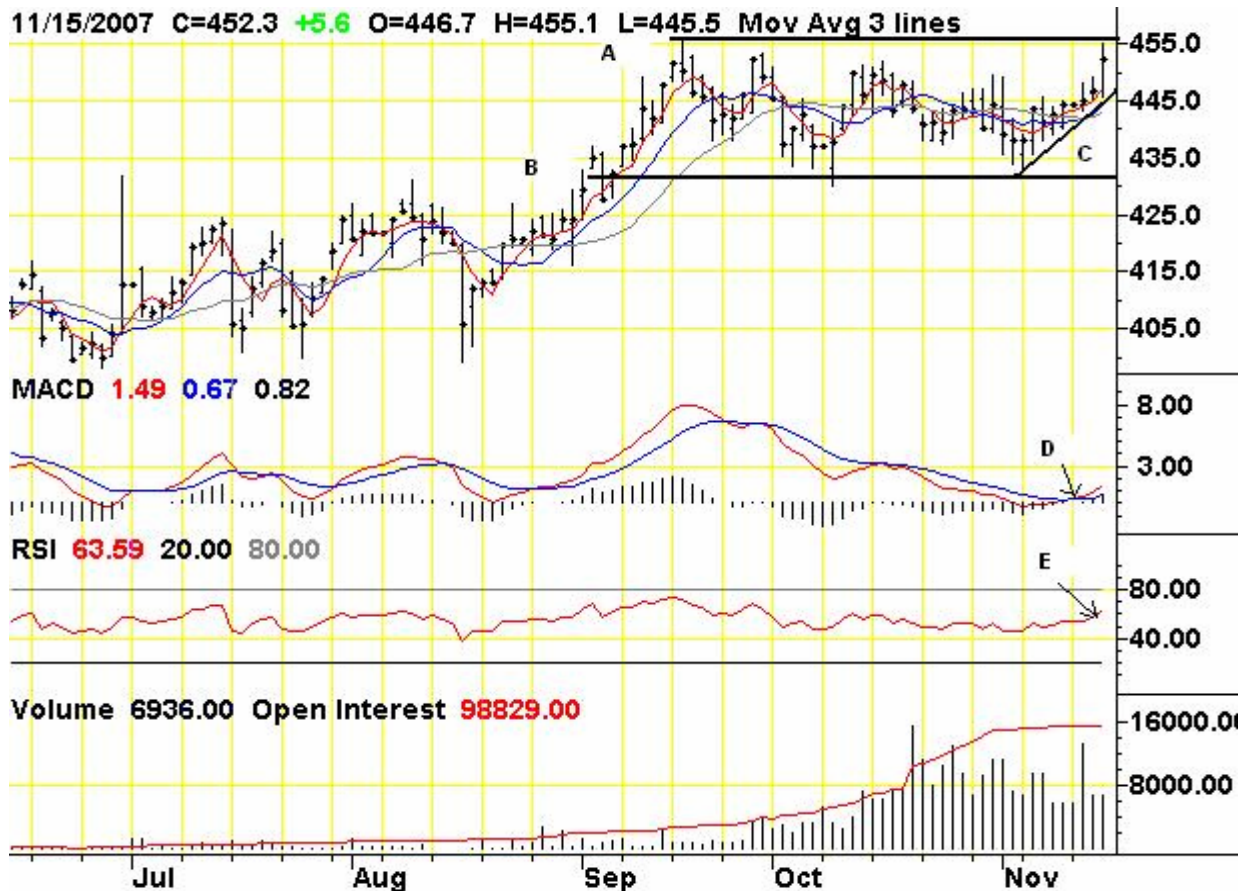
What's even more encouraging is that the MACD has turned into positive

territory "D" with the FMA (Fast Moving Average) line inching its way above the SMA (Slow Moving Average) line. The RSI is in neutral territory "E" and should have no immediate impact on futures.

Both volume and open interest have increased substantially in the past month and a half but that's what you'd expect as January becomes the lead month.

The question is ... Where do we go from here? While the technical picture is encouraging, I believe demand and, in particular, the action of the dollar will be the overriding factor. Having said that, a solid move through resistance could well give added momentum to the rally.

Charts provided courtesy of [TradingCharts.com](http://TradingCharts.com)  
[www.futures.tradingcharts.com](http://www.futures.tradingcharts.com)



**At The Bin**

Prices booked this week (net to the producer).

| Grain         | Price                 | When         | Producer    |
|---------------|-----------------------|--------------|-------------|
| barley, 48 lb | \$3.67 FOB            | December     | Castor      |
| barley, 48 lb | \$3.70 FOB            | November     | Galahad     |
| barley, 50 lb | \$3.61 FOB            | November     | Vermilion   |
| barley, 50 lb | \$3.70 FOB            | November     | Ferintosh   |
| barley, 50 lb | \$3.65 FOB            | November     | Camrose     |
| wheat, feed   | \$5.50 del Ferintosh  | Nov-Dec      | Edberg      |
| wheat, feed   | \$5.25 FOB            | November     | Redwater    |
| wheat, feed   | \$4.90 FOB            | December     | Vegreville  |
| peas, green   | \$6.25 FOB            | November     | Vermilion   |
| canola        | \$5.90 FOB            | November     | Ferintosh   |
| canola        | \$9.75 FOB            | January 09   | Warburg     |
| canola        | \$9.52 FOB            | November 08  | Warburg     |
| canola        | \$9.99 FOB            | November 08  | Gwynne      |
| canola        | \$9.51 FOB            | December     | New Sarepta |
| canola        | \$9.63 FOB            | September 08 | St. Albert  |
| canola        | \$10.13 del Fort Sask | January 09   | Redwater    |
| canola        | \$9.61 FOB            | November 08  | Bashaw      |
| oats, milling | \$2.33 FOB            | November     | Atmore      |
| flax, feed    | \$7.00 FOB            | November     | Girouxville |



**Region 6 Meeting**

November 21, 9:00 am to 4:00 pm  
 Onway Legion, 4808—50 Street  
*Beef on a Bun Lunch*

Agronomics/John Mayko  
 Biodiesel Update/Barb Isman  
 Clubroot Update/Dr. Sheau-Fang Hwang  
 Consumer Perspective/Simone Demers-Collins  
 Marketing Perspective/Dave Wong  
 Bring resolutions for ACPC annual meeting.  
**Free Lunch—Door Prizes—Free Coffee**

| By the Number           | This Week | Last Week | Diff    |
|-------------------------|-----------|-----------|---------|
| CME Live Cattle (DEC)   | 95.300    | 95.350    | (0.050) |
| CME Live Hogs (DEC)     | 52.525    | 54.000    | (1.475) |
| CDN Dollar (DEC)        | 1.026     | 1.065     | (0.039) |
| Minneapolis Wheat (DEC) | 7.49      | 7.62      | (0.130) |
| Kansas City Wheat (DEC) | 7.68      | 7.87      | (0.190) |
| Chicago Oats (DEC)      | 2.80      | 2.89      | (0.090) |

**Bid Board**

Buyers looking for grain (net prices).

| Grain               | When        | Location                |
|---------------------|-------------|-------------------------|
| barley              | Nov-Dec     | \$4.30 del Magrath      |
| barley              | November    | \$3.91 del Lacombe      |
| barley              | November    | \$4.09 del Lethbridge   |
| barley              | December    | \$3.91 del Ponoka       |
| barley              | December    | \$3.96 del Brooks       |
| barley              | Jan-Feb     | \$3.96 del Czar         |
| wheat, feed         | Nov-Dec     | \$4.73 del Lloydminster |
| wheat, feed         | Nov-Dec     | \$5.12 del Lacombe      |
| wheat, 12.5% prt    | December    | \$5.39 del Red Deer     |
| wheat, 12.5% prt    | Jan-Mar     | \$5.67 del Red Deer     |
| wheat, feed         | Jan-Mar     | \$5.41 del Lloydminster |
| wheat, feed         | Apr-May     | \$5.54 del Lloydminster |
| peas, feed          | December    | \$5.94 del Edmonton     |
| peas, yellow edible | Dec-Jan     | \$7.95 del Crossfield   |
| peas, green edible  | January     | \$9.20 del Innisfail    |
| peas, yellow edible | January     | \$8.10 del Innisfail    |
| rye, feed           | Jan-Feb     | \$4.95 del Bashaw       |
| rye, feed           | Jan-Feb     | \$5.45 del Three Hills  |
| oats, milling       | November    | \$2.11 del Innisfree    |
| oats, milling       | December    | \$2.48 del Barrhead     |
| oats, milling       | January     | \$2.57 del Barrhead     |
| oats, milling       | January     | \$2.60 del Martensville |
| oats, milling       | February    | \$2.58 del Barrhead     |
| oats, milling       | February    | \$2.63 del Martensville |
| oats, milling       | March       | \$2.60 del Barrhead     |
| oats, milling       | March       | \$2.65 del Martensville |
| canola              | December    | \$9.77 del Edmonton     |
| canola              | January     | \$9.84 del Edmonton     |
| canola              | January     | \$9.84 del Edmonton     |
| canola              | June        | \$10.35 del Fort Sask   |
| canola              | November 08 | \$9.91 del Fort Sask    |
| canola              | January 09  | \$10.02 del Fort Sask   |

**Mark Your Calendar!**

- **Capturing Feed Grain & Forage Opportunities Conference:** December 11 & 12, Red Deer. Call (780) 416-6046 or [www.areca.ab.ca/ihcm/news/areca/00104](http://www.areca.ab.ca/ihcm/news/areca/00104)
- **Agronomy Update 2008:** Leading researchers and professionals present the latest information on crop protection products, weed and insect management, crop production for bioenergy markets, and farm-based environmental goods and services. January 15 and 16, Capri Centre, Red Deer. Cost is \$130+GST. Call (800) 387-6030 to register.
- **FarmTech 2008:** January 30, 31, and Feb 01, Edmonton. Call (866) 327-6832 or [www.farmtechconference.com](http://www.farmtechconference.com)
- **Alberta Pork Congress:** March 12 & 13, Red Deer. Call (403) 244-7821 or [www.albertaporkcongress.com](http://www.albertaporkcongress.com)



**Futures, Options, Hedging**  
**1-800-663-0294**  
**Edmonton, Alberta**